

XI, and paragraph 1 of Article XIII, for measures taken consistent with the Certification Scheme that are necessary to prohibit the export of rough diamonds to, or import of rough diamonds from, non-Participants in the Certification Scheme. The decision further provides that the waiver applies to the United States and other WTO members that requested the waiver and to any WTO member that notifies the WTO of its desire to be covered by the waiver. The waiver has retroactive effect to January 1, 2003, and will remain in effect until December 31, 2006.

Exercising my discretion under the Act, I hereby certify that an applicable waiver, within the meaning of section 15 of the Clean Diamond Trade Act, granted by the World Trade Organization is in effect and will remain in effect until December 31, 2006.

Sincerely,

George W. Bush

NOTE: Identical letters were sent to J. Dennis Hastert, Speaker of the House of Representatives, and Richard B. Cheney, President of the Senate.

Memorandum Waiving Prohibition on United States Military Assistance to Parties to the Rome Statute Establishing the International Criminal Court

July 29, 2003

Presidential Determination No. 2003-28

Memorandum for the Secretary of State

Subject: Waiving Prohibition on United States Military Assistance to Parties to the Rome Statute Establishing the International Criminal Court

Consistent with the authority vested in me by section 2007 of the American Servicemembers' Protection Act of 2002 (the "Act"), title II of Public Law 107-206 (22 U.S.C. 7421 *et seq.*), I hereby:

- Determine that Albania, Bosnia and Herzegovina, Djibouti, Mauritius, and Zambia have each entered into an agreement with the United States pursuant to Article 98 of the Rome Statute preventing the International Criminal

Court from proceeding against U.S. personnel present in such countries; and

- Waive the prohibition of section 2007(a) of the Act with respect to these countries for as long as such agreement remains in force.

You are authorized and directed to report this determination to the Congress and to publish it in the *Federal Register*.

George W. Bush

Letter to Congressional Leaders Transmitting a Report on the National Emergency With Respect to Sierra Leone and Liberia

July 29, 2003

Dear Mr. Speaker: (Dear Mr. President:)

Consistent with section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c), I am transmitting a 6-month periodic report prepared by my Administration on the national emergency declared with respect to Sierra Leone and Liberia in Executive Order 13194 of January 18, 2001, as expanded in scope in Executive Order 13213 of May 22, 2001.

Sincerely,

George W. Bush

NOTE: Identical letters were sent to J. Dennis Hastert, Speaker of the House of Representatives, and Richard B. Cheney, President of the Senate.

The President's News Conference

July 30, 2003

The President. Thank you. Good morning. I was hoping it would be a little hotter here to prepare the traveling team for the Crawford experience this August. But thank you for coming.

I'm looking forward to going down to Texas, and I know the Members will be going back to their districts. As I travel around the country from Crawford, I'm going to be focused on two vital concerns for our country: first, the safety of the American people, and

the economic security of the American people.

On national security front, it has been 90 days since the end of the major combat operations in Iraq. The nation has been liberated from tyranny and is on the path to self-government and peace. The Iraqi Governing Council is meeting regularly. Local police forces are now being trained. And citizens are being recruited into a new Iraqi military, a military that will protect the Iraqi people instead of intimidating them. Soon, representatives of the people will begin drafting a new constitution, and free elections will follow. After decades of oppression, the people of Iraq are reclaiming their country and are reclaiming their future.

Conditions in most of Iraq are growing more peaceful. Some areas, however, the violent remnants of Saddam Hussein's regime, joined by terrorists and criminals, are making a last attempt to frighten the Iraqi people and to undermine the resolve of our coalition. They will fail. Our coalition forces are taking the fight to the enemy in an unrelenting campaign that is bringing daily results. Saddam Hussein's sons did not escape the raids, and neither will other members of that despicable regime.

By taking the offensive against desperate killers, Americans in uniform are assuming great risks for our country. The American people are proud of our Armed Forces, and we are grateful for their sacrifice and their service in fighting the war on terror. We also appreciate the military families who share in the hardship and uncertainties of this essential mission.

The rise of a free and peaceful Iraq is critical to the stability of the Middle East, and a stable Middle East is critical to the security of the American people. As the blanket of fear is lifted, as Iraqis gain confidence that the former regime is gone forever, we will gain more cooperation in our search for the truth in Iraq.

We know that Saddam Hussein produced and possessed chemical and biological weapons and has used chemical weapons. We know that. He also spent years hiding his weapons of mass destruction programs from the world. We now have teams of investiga-

tors who are hard at work to uncover the truth.

The success of a free Iraq will also demonstrate to other countries in that region that national prosperity and dignity are found in representative government and free institutions. They are not found in tyranny, resentment, and for support of terrorism. As freedom advances in the Middle East, those societies will be less likely to produce ideologies of hatred and produce recruits for terror.

The United States and our allies will complete our mission in Iraq, and we'll complete our mission in Afghanistan. We'll keep our word to the peoples of those nations. We'll wage the war on terror against every enemy who plots against our forces and our people. I will never assume the restraint and good will of dangerous enemies when lives of our American citizens are at risk.

My administration is also acting to ensure the economic security of the American people. Paychecks are already reflecting the reduction in income tax rates, which is providing relief to millions of taxpayers and small businesses. American families have begun to receive checks from a \$400-per-child increase in the child tax credit. This time, when we say the check's in the mail, we mean it.

Through our higher expense deduction, small businesses have an incentive to speed up purchases of new equipment. We're beginning to see hopeful signs of faster growth in the economy, which over time will yield new jobs. Yet the unemployment rate is still too high. And we will not rest until Americans looking for work can find a job.

To strengthen the economic security of the people, Congress needs to pass a sound energy bill to make sure that our households and businesses have a reliable, affordable supply of energy. Congress needs to pass legal reforms to cut down on the frivolous lawsuits that provide a drag to our economy. Congress needs to approve reemployment accounts to help citizens who have the toughest time finding work. Congress needs to make sure that the child credit is refundable for lower-income families. We must continue pursuing an aggressive, progrowth strategy that creates jobs throughout our economy.

Economic security for America's seniors is threatened by the rising cost of prescription

drugs. I'm pleased that both Houses of Congress have responded by passing separate bills providing prescription drug coverage under Medicare. It's absolutely essential that the House and the Senate resolve their differences and enact a piece of legislation I can sign. The lack of coverage for prescription drugs and many preventative treatments is a major gap in Medicare that denies some of our seniors the latest and best medicine. We must keep the promise of Medicare by giving our seniors better coverage and better choices.

I congratulate the House and the Senate on a productive legislative session—so far. I also look forward to working with the Members this coming fall on the priorities for the American people.

And now I'll be glad to answer some questions. Tom [Tom Raum, Associated Press], and we'll work our way around. There's no need for any unrestrained yelling. [Laughter]

Military Operations in Iraq

Q. Thank you, Mr. President. Mr. President, now with the deaths of the sons of Saddam Hussein and the capture of his chief bodyguard, what can you tell us about how close we might be to actually capturing or killing Saddam himself? And how important would that be to ending the war and stopping the violence against American troops? And what do you say to those troops who fought long and hard and now are eager to come home, given the fact that it's hard to find other countries to send in troops that could serve as replacements?

The President. Okay. Tom, I'm getting a little older, so when you ask four or five questions, it's hard for me to remember every question.

First, we do have a good rotation plan in place now for our troops. The 3d ID, which has conducted a lot of the major military operations at the beginning of the war, has now got a definite time in which they are coming home. And that in itself is a positive development. There was some concern amongst family members of the 3d ID that they were getting mixed signals, and I understand that. And now it's clear as to their rotation plan.

And by the way, as we rotate, we'll be changing the nature of the military configura-

tion to be more of a—to have more of a—the capacity to move very quickly and to strike quickly, because our intelligence is getting better on the ground as we're able to pick targets, able to enrich targets and move quickly on the targets.

What other aspects of the—I told you—I warned you, I'm getting older.

Deaths of Uday and Qusay Hussein

Q. I asked you how close we are to catching—

The President. Catching Saddam Hussein, that's right. Yes.

Q. —and how important it is to—

The President. Listen—right, thank you. Of course, it's important that the—that Saddam's sons were brought to justice. It changes attitudes in Iraq. People didn't believe that the Ba'athist regime was going to be gone forever. They felt like they—you would hear reports of Ba'athists, former Ba'athist officials saying to Iraqi citizens, "Listen, the Americans will grow stale and tired. They'll leave and, by the way, we'll come back. And when we come back, we'll come back with a vengeance if you help in the reconstruction of the country." So, needless to say, when two of the most despicable henchmen of the Saddam Hussein regime met their fate, the Ba'athist claim that at least these two will come back and haunt the citizen is—rings hollow.

I don't know how close we are to getting Saddam Hussein. You know, I—it's closer than we were yesterday, I guess. All I know is we're on the hunt. It's like if you had asked me right before we got his sons how close we were to get his sons, I'd say I don't know, but we're on the hunt.

And so we're making progress. It's slowly but surely making progress of bringing the—those who terrorize their fellow citizens to justice and making progress about convincing the Iraqi people that freedom is real. And as they become more convinced that freedom is real, they'll begin to assume more responsibilities that are required in a free society.

Steve [Steve Holland, Reuters].

War on Terror/Possible Terrorist Attacks

Q. Thank you, sir. Homeland Security is warning against possible hijackings this summer. How serious is this threat, and what can you do about it? How can Americans feel safe?

The President. Yes. Well, first of all, the war on terror goes on, as I continually remind people. In other words, there are still Al Qaida remnants that have designs on America. The good news is that we are, one, dismantling the Al Qaida organization, and two, we're learning more information about their plans as we capture more people.

And the threat is a real threat. It's a threat that where—we obviously don't have specific data; we don't know when, where, what. But we do know a couple of things. We do know that Al Qaida tends to use the methodologies that worked in the past. That's kind of their mindset. And we have got some data that indicates that they would like to use flights, international flights, for example.

Now, what we can do is we can be—obviously, at home, continue to be diligent on the inspection process of baggage as well as making sure those who board aircraft are properly screened. And obviously, we're talking to foreign governments and foreign airlines to indicate to them the reality of the threat. We're conscious* of folks flying—getting lists of people flying into our country and matching them now with a much improved database. International flights coming into America must have hardened cockpit doors, which is a positive development.

Being on alert means that we contact all who are responsible, who have got positions of responsibility. And so we're focusing on the airline industry right now. And we've got reason to do so. And I'm confident we will thwart the attempts.

You know, let me talk about Al Qaida just for a second. I made the statement that we're dismantling senior management, and we are. Our people have done a really good job of hauling in a lot of the key operators: Khalid Sheik Mohammed, Abu Zubaydah, Ramzi—Ramzi al-Shibh or whatever the guy's name was—[laughter]—sorry, Ramzi, if I got it wrong—[laughter]—bin al-Shibh, excuse

me. "Swift Sword" is dead, thanks to the Saudis. Abu Bakr is now captured by the Saudis. We're dismantling the operating—decisionmakers.

We've got more to do. And the American people need to know, we're not stopping. We've got better intelligence-gathering, better intelligence-sharing, and we're on the hunt. And we will stay on the hunt. The threat that you asked about, Steve, reminds us that we need to be on the hunt, and—because the war on terror goes on.

John [John King, Cable News Network].

Report of the Joint Inquiry Into the September 11, 2001, Terrorist Attacks

Q. Mr. President, thank you. You met yesterday with the Saudi Foreign Minister, who wants the administration to declassify these 27 or 28 pages about his Government in this report on 9/11. Many Members of Congress, including several Republicans, say they see nothing—or at least most of the materials, in their view, could be made public. Can you tell us, is there any compromise in sight on this, and could you at least summarize the material in that classified document? Is there, as some Members of Congress say, material that you could read and have an incriminating view of the Saudi Government when it comes to 9/11?

The President. John, the Foreign Minister did come and speak to me. And I told him this: I said, we have an ongoing investigation about what may or may not have taken place prior to September the 11th. And therefore, it is important for us to hold this information close so that those who are being investigated aren't alerted.

I also told him, in the document, that if we were to reveal the content of the document—by the way, 29 pages of a near 900-page report—it would reveal sources and methods. By that I mean it would show people how we collect information and on whom we're collecting information, which, in my judgment and in the judgment of senior law enforcement officials in my administration, would be harmful on the war against terror.

I just described to you that there is a threat to the United States. And I also said, we're doing a better job of sharing intelligence and collecting data so we're able to find—able

* White House correction.

to anticipate. And what we really don't want to do, it doesn't make sense to me—doesn't seem like to me, is to reveal those sources and methods.

Now, at some point in time, as we make progress on the investigation and as a threat to our national security diminishes, perhaps we can put out the document. But in my judgment, now is not the time to do so.

And I made that clear to him. And I will be glad—I'm making it clear to Members of Congress. I want to remind you that—sure, some have spoken out, but others have agreed with my position, like the chairman of the House Intelligence Committee. So there's a different point of view. My point of view, however, since I'm in charge of fighting the war on terror, is that we won't reveal sources and methods that will compromise our efforts to succeed.

Campbell [Campbell Brown, NBC News].

Saddam Hussein's Links to Al Qaida

Q. Saddam Hussein's alleged ties to Al Qaida were a key part of your justification for war. Yet, your own intelligence report, the NIE, defined it as, quote, "low confidence that Saddam would give weapons to Al Qaida." Were those links exaggerated to justify war? Or can you finally offer us some definitive evidence that Saddam was working with Al Qaida terrorists?

The President. Yes. I think, first of all, remember I just said we've been there for 90 days since the cessation of major military operations. Now, I know in our world where news comes and goes and there's this kind of instant news, and you must have done this, you must do this yesterday, that there's a level of frustration by some in the media. I'm not suggesting you're frustrated. You don't look frustrated to me at all. But it's going to take time for us to gather the evidence, the—analyze the mounds of evidence, literally, the miles of documents that we have uncovered.

David Kaye came to see me yesterday. He's going to testify in closed hearing tomorrow, which in Washington may not be so closed, as you know. And he was telling me the process that they were going through to analyze all the documentation. And that's not only to analyze the documentation on the

weapons programs that Saddam Hussein had but also the documentation as to terrorist links.

And it's just going to take a while, and I'm confident the truth will come out. And there is no doubt in my mind, Campbell, that Saddam Hussein was a threat to the United States security and a threat to peace in the region. And there's no doubt in my mind that a free Iraq is important. It's got strategic consequences for not only achieving peace in the Middle East, but a free Iraq will help change the habits of other nations in the region who will make it—which will make America much more secure.

John [John Roberts, CBS News].

Decision To Go to War in Iraq

Q. Thank you, Mr. President. Building sort of on that idea, it's impossible to deny that the world is a better place in the region, certainly a better place without Saddam Hussein. But there's a sense here in this country and a feeling around the world that the U.S. has lost credibility by building the case for Iraq upon sometimes flimsy or, some people have complained, nonexistent evidence. I'm just wondering, sir, why did you choose to take the world to war in that way?

The President. Yes. You know, look, in my line of work, it's always best to produce results, and I understand that. The—for a while the questions were, "Could you conceivably achieve a military victory in Iraq? You know, the dust storms have slowed you down." And I was a patient man, because I realized that we would be successful in achieving our military objective.

Now, of course, the question is, will Iraq ever be free, and will it be peaceful? And I believe it will. I remind some of my friends that it took us a while to go from the Articles of Confederation to the United States Constitution. Even our own experiment with democracy didn't happen overnight. I never have expected Thomas Jefferson to emerge in Iraq in a 90-day period.

And so, this is going to take time. And the world will see what I mean when I say, a free Iraq will help peace in the Middle East, and a free Iraq will be important for changing the attitudes of the people in the Middle East. A free Iraq will show what is possible

in a world that needs freedom, in a part of the world that needs freedom.

Let me finish for a minute, John, please. Just getting warmed up. I'm kind of finding my feet. *[Laughter]*

Saddam Hussein was a threat. The United Nations viewed him as a threat. That's why they passed 12 resolutions. Predecessors of mine viewed him as a threat. We gathered a lot of intelligence. That intelligence was good, sound intelligence on which I made a decision.

And in order to placate the critics and the cynics about intentions of the United States, we need to produce evidence. And I fully understand that. And I'm confident that our search will yield that which I strongly believe, that Saddam had a weapons program. I want to remind you, he actually used his weapons program on his own people at one point in time, which is pretty tangible evidence. But I'm confident history will prove the decision we made to be the right decision.

Q. [Inaudible]

The President. Hold on for a second. You're through, John.

Homosexuality/Definition of Marriage

Q. Thank you, sir. Mr. President, many of your supporters believe that homosexuality is immoral. They believe that it's been given too much acceptance in policy terms and culturally. As someone who's spoken out in strongly moral terms, what's your view on homosexuality?

The President. Yes. I am mindful that we're all sinners, and I caution those who may try to take a speck out of their neighbor's eye when they got a log in their own. I think it's very important for our society to respect each individual, to welcome those with good hearts, to be a welcoming country. On the other hand, that does not mean that somebody like me needs to compromise on an issue such as marriage. And that's really where the issue is headed here in Washington, and that is the definition of marriage. I believe in the sanctity of marriage. I believe a marriage is between a man and a woman. And I think we ought to codify that one way or the other. And we've got lawyers looking at the best way to do that.

Stevenson [Richard Stevenson, New York Times].

Tax Cuts/National Economy

Q. Thank you, sir. Since taking office, you've signed into law three major tax cuts, two of which have had plenty of time to take effect, the third of which, as you pointed out earlier, is taking effect now. Yet, the unemployment rate has continued rising. We now have more evidence of a massive budget deficit that taxpayers are going to be paying off for years or decades to come. The economy continues to shed jobs. What evidence can you point to that tax cuts, at least of the variety that you have supported, are really working to help this economy? And do you need to be thinking about some other approach?

The President. Yes. No, to answer the last part of your question. First of all, let me—just a quick history, recent history. The stock market started to decline in March of 2000. Then the first quarter of 2001 was a recession. And then we got attacked in 9/11. And then corporate scandals started to bubble up to the surface, which created a lack of confidence in the system. And then we had the drumbeat to war. Remember on our TV screens—I'm not suggesting which network did this—but it said "March to War" every day from last summer until the spring—"March to War, March to War." That's not a very conducive environment for people to take risk, when they hear "March to War" all the time.

And yet our economy is growing. In other words, what I'm telling you is, is that we had a lot of obstacles to overcome. The '01 tax cuts affected the recession this way: It was a shallow recession. That's positive, because I care about people being able to find a job. Someone said, "Well, maybe the recession should have been deeper in order for the rebound to be quicker." My attitude is, a deeper recession means more people would have been hurt. And I view the actions we've taken as a jobs program, job creation program.

Secondly, there are hopeful signs. I mean, most economists believe that over the next 18 months we'll see positive economic growth. Interest rates are low. Housing starts are strong. Manufacturing indexes are improving.

There are other things we can do in Washington. As I said, we need an energy bill. We certainly need tort reform. I think the class action reform that's moved out of the House and into the Senate is something that can be done, and it ought to be done quickly. In other words, what I'm saying to you is, is that there's still work to do. But I'm optimistic about the future, and I believe you'll see more jobs created, and that's going to be good for the country.

Yes. Jim Rosen [James Rosen, FOX News].

North Korea

Q. Thank you, sir. You just explained that your approach to your job is to try to produce results. It has been roughly a year since North Korea apprised the United States Government that it is seeking to reactivate its nuclear weapons program. In that year, you and your aides have repeatedly said that you seek a diplomatic approach to that problem. And yet, over that year, all we've seen from the North Koreans are more bellicose statements and more steps taken to add to their stockpile of nuclear weapons that they already have. What can you point to in the record over the last year by your administration for Americans to look at and say, this President has produced results?

The President. Yes. I think that one of the things that is important to understand in North Korea is that the past policy of trying to engage bilaterally didn't work. In other words, the North Koreans were ready to engage, but they didn't keep their word on their engagement. And that ought to be a clear signal to policymakers of what to expect with North Korea.

Secondly, in my judgment, the best way to convince the North Koreans to change their attitude about a nuclear weapon program is to have others in the neighborhood assume responsibility alongside the United States. So this morning, interesting enough—I'm glad you asked that question, because I can tell you that I talked to Hu Jintao this morning—not anticipation of your question, but as part of an ongoing process to encourage him to stay involved in the process of discussions with Mr. Kim Chong-il, all attempting to say to him that it is a—it is not in his nation's interest to continue developing

these weapons and we would like to see him dismantle those weapons programs.

As well as—I told President Hu that I think it's very important for us to get Japan and South Korea and Russia involved as well. So the progress that is being made is, we're actually beginning to make serious progress about sharing responsibility on this issue in such a way that I believe will lead to an attitudinal change by Kim Chong-il, which will be very positive for peace in the region.

State of the Union Address

Q. Thank you, Mr. President——

The President. Kate [Kate Snow, ABC News].

Q. That's right. Thank you, Mr. President.

The President. How long have you been—how long have you been in the press corps? You look like you just came.

Q. Last week was my first week.

The President. Yes, congratulations.

Q. Thank you.

The President. Be careful whose company you're keeping, though. [Laughter]

Q. Mr. President, you often speak about the need for accountability in many areas. I wonder then, why is Dr. Condoleezza Rice not being held accountable for the statement that your own White House has acknowledged was a mistake in your State of the Union Address regarding Iraq's attempts to purchase uranium? And also, do you take personal responsibility for that inaccuracy?

The President. I take personal responsibility for everything I say, of course. Absolutely. I also take responsibility for making decisions on war and peace. And I analyzed a thorough body of intelligence—good, solid, sound intelligence that led me to come to the conclusion that it was necessary to remove Saddam Hussein from power.

We gave the world a chance to do it. We had—remember there's—again, I don't want to get repetitive here, but it's important to remind everybody that there was 12 resolutions that came out of the United Nations because others recognized the threat of Saddam Hussein. Twelve times the United Nations Security Council passed resolutions in recognition of the threat that he posed. And the difference was, is that some were not willing to act on those resolutions. We were,

along with a lot of other countries, because he posed a threat.

Dr. Condoleezza Rice is an honest, fabulous person, and America is lucky to have her service. Period.

Michael Allen [Washington Post].

2004 Campaign

Q. Mr. President, with no opponent, how can you spend \$170 million or more on your primary campaign?

The President. Just watch. [Laughter] Keep going.

Q. Yes, sir. And with 15 fundraisers scheduled between—for the summer months, do you worry about the perception that you're unduly attentive to the interests of people who can afford to spend \$2,000 to see you?

The President. Michael, I think American people, now that they've realized I'm going to seek reelection, expect me to seek reelection. They expect me to actually do what candidates do. And so, you're right, I'll be spending some time going out and asking the American people to support me. But most of my time, as I say in my speeches—as I'm sure you've been bored to tears listening to—is that there is a time for politics, and that's going to be later on. I've got a lot to do. And I will continue doing my job, and my job will be to work to make America more secure.

Steve asked a question about this Al Qaida possible attack. Every day I am reminded that our Nation is still vulnerable. Every day I'm reminded about what 9/11 means to America. That's a lesson, by the way, I'll never forget, the lesson of 9/11, because—and I remember right after 9/11 saying that this will be a different kind of war, but it's a war, and sometimes there will be action, and sometimes there won't, but we're still threatened. And I see that almost every day, Mike. And therefore, that is a major part of my job.

And the other part of my job that I talked about is the economic security of the American people. And I spend a lot of time on the economy, going out and talking to the American people about the economy and will continue to do so.

But no, listen, since I've made the decision to run, of course I'm going to do what can-

didates do. And we're having pretty good success, which is—it's kind of an interesting barometer, early barometer, about the support we're garnering.

Keil [Richard Keil, Bloomberg News], Jeanne [Jeanne Cummings, Wall Street Journal], and then Larry [Larry McQuillan, USA Today]. Keil. Stretch. Super Stretch.

Federal Deficit/National Economy

Q. Thank you, Mr. President. As you said just a few moments ago, and say frequently in your speeches, the deficit was caused variously by the war, by recession, by corporate scandals, the 9/11 attacks. But just a couple of weeks ago, on July 15th, the Office of Management and Budget put out a report saying that without the tax cuts that Congress passed, the budget would be back in surplus by 2008, but with those tax cuts factored in, we have deficits that year and further years out of at least \$200 billion, to use the phrase, as far as the eye can see. Aren't tax cuts in part responsible for the deficits, and does that fact concern you? Are we now in a period where we have deficits as far as the eye can see?

The President. We would have had deficits with or without tax cuts, for this reason: The slowdown in the economy, the decline in the stock market starting March of 2000, plus the recession, reduced the amount of revenues coming into the Federal Treasury. Secondly, we spent money on the war, and we spent money on homeland security. My attitude is, if we're going to put our troops into harm's way, they must have the very best. And there's no doubt we increased our budgets on defense and homeland security. So there would be recessions.

And so, given the—I mean, there would be deficits. So given the fact that we're in a recession, which had it gone on longer than it did could have caused even more revenues to be lost to the Treasury, I had a policy decision to make. And I made the decision to address the recession by a tax cut. And so part of the deficit, no question, was caused by taxes—about 25 percent of the deficit, the other 75—50 percent caused by lack of revenues, and 25 percent caused by additional spending on the war on terror.

Now, we have laid out a plan which shows that the deficit will be cut in half over the next 5 years. And that's good progress toward deficit reduction. That's assuming Congress holds the line on spending. I presented them with a 4-percent increase in the discretionary budget to help them hold the line on spending. They passed the budget. Now they've got to meet the budget in their appropriations process.

My first concern, Dick, was for those folks who couldn't find a job. And I addressed unemployment and addressed economic stagnancy with a tax cut that affected growth or the lack of growth in a positive way. And I'm optimistic about our economy. But I'm not going to stop working until people can find a job who are looking for work.

Jeanne.

Workforce and Technology

Q. Thank you, Mr. President. Staying with that theme, although there are some signs of improvement in the economy, there are sectors in the workforce who feel like they're being left behind. They're concerned about jobs going overseas, that technology is taking over jobs. And these people are finding difficulty finding work. And although you're re-committed yourself to your tax cut policy, do you have any ideas or any plans within the administration of what you might do for these people who feel like there are fundamental changes happening in the workforce and in the economy?

The President. Sure. Listen, I fully understand what you're saying. In other words, as technology races through the economy, a lot of times worker skills don't keep up with technological change. And that's a significant issue that we've got to address in the country.

I think my idea of reemployment accounts makes a lot of sense. In essence, it says that you get \$3,000 from the Federal Government to help you with training, daycare, transportation, perhaps moving to another city. And if, within a period of time, you're able to find a job, you keep the balance as a reemployment bonus.

I know the community colleges provide a very important role in worker training, worker retraining. I look forward to working with our community colleges through the Depart-

ment of Education, coordinate closely with States, particularly in those States in which technology is changing the nature of the job force. I've always found the community college—and this is from my days as the Governor of Texas—found the community college to be a very appropriate place for job training programs because they're more adaptable; their curriculums are easier to change; they're accessible. Community colleges are all over the place.

And—but you're right. I mean, I think we need to make sure that people get the training necessary to keep up with the nature of the jobs as jobs change.

Laurence, USA Today.

Middle East Peace Process

Q. Mr. President, you've been involved now in the Mideast peace process and have certainly learned firsthand how developments like creation of a fence can complicate progress. Based on that, when you stood there about a year ago and proposed your roadmap, you spoke about a Palestinian state in 2005. I mean, do you think that goal is still realistic, or is it likely to slide just because it's so hard to make headway?

The President. I do think it's realistic. I also know when we start sliding goals, it makes progress less realistic. Absolutely, I think it's realistic, and I think we're making pretty good progress in a short period of time.

I'm impressed by Prime Minister Abbas' vision of a peaceful Palestinian state. I believe him when he says that we must rout out terror in order for a Palestinian state to exist. I believe he's true. I think Mr. Dahlan, his Security Chief, also recognizes that.

And we've got to help those two leaders in a couple of ways to realize that vision of a peaceful Palestinian state. One is to provide help and strategy to Mr. Dahlan so that he can lead Palestinian security forces to the dismantlement of bomb-making factories, rocket-making factories inside Gaza and the West Bank. That's going to be a very important part of earning the confidence of the world, for that matter. We've also got to recognize that there are things that can happen on the ground that will strengthen Mr. Abbas' hand,

relative to the competition, moving—for example, movement throughout the country.

So I spent time talking to Prime Minister Sharon yesterday about checkpoints. We discussed the difference between a checkpoint for security purposes and a checkpoint that might be there that's—that isn't—there for inconvenience purposes; let me put it to you that way. We talked about all the thorny issues.

But the most important thing is that we now have an interlocutor in Mr. Abbas who is committed to peace and who believes in the aspirations of the Palestinian people.

One of the most interesting visits I've had on this issue took place in the Oval Office there with the Finance Minister of the Palestinian Authority. I was pleased to discover that he—I think he received a degree from the University of Texas, which gave me even more confidence when he spoke. But he is a—he talked about how a free state, free country, will flourish when the Palestinians are just given a chance.

See, he believes in the Palestinian people to the point where he's willing to take risks for peace. As I understand it, he's put the Palestinian budget on the web page. That's—that's what we call transparency in the diplomatic world. It means that he's willing to show the finances to make it clear they're not stealing money—is another way to put it. That's a positive development, Larry.

So I—what I first look at is attitudes. I also believe Prime Minister Sharon is committed to a peaceful Palestinian state. He's committed because he understands that I will in no way compromise the security of the Israeli people—or the Palestinian people, for that matter—to terror, that he knows when I say we're willing to fight terror, we mean it, because we proved it.

I thought it was interesting yesterday, by the way, that he spoke clearly about Iraq and the importance of Iraq in terms of Middle Eastern peace as well. And I believe he's right on that. I believe that a free Iraq will make it easier to achieve peace in that part of the world. I also know that we've got to get others in the neighborhood to continue to remind certain countries that it will be frowned upon if they destabilize the process.

The stated objective of Iran is the destruction of Israel, for example. And we've got to work in a collective way with other nations to remind Iran that they shouldn't develop a nuclear weapon. It's going to require more than one voice saying that, however. It's going to require a collective effort of the Europeans, for example, to recognize the true threat of an armed Iran to achieving peace in the Middle East. And—but I'm pleased by the attitudes.

You know, when I was in Aqaba, I don't know if you remember, but I asked Prime Minister Sharon and Prime Minister Abbas to go outside. I wanted to watch the body language, first and foremost, just to make sure we weren't fooling ourselves, that when leaders commit to being able to work with each other, you can get a pretty good sense of that commitment.

What was also interesting on the outside meeting—I mean, it was a very cordial discussion, and there was the desire for these leaders to talk. And they have talked since the Aqaba meeting, and that's a positive development. But what was also interesting, as Condi reported to me later, to watch the discussions between the different—both Cabinets. And we were watching carefully to determine if there's the will for peace. We have found a person who has got the will to work for peace, and that's Prime Minister Abbas.

We'll work through the issues that are nettlesome. And there will be some big issues that come along. But the first thing that has to happen is, the Palestinian people have got to realize there's hope in a free society. And if they choose the leader that is most likely to—choose to back the leader that is most likely to deliver that hope.

Carl [Carl Cannon, National Journal].

HIV/AIDS Initiative

Q. I want to ask you about something else in your State of the Union.

The President. Okay.

Q. You spoke and got great applause from both sides of the aisle about a new initiative in Africa for AIDS and mentioned the figure, \$15 billion over 3 years. When the AIDS community and some of the activists got into the budget, they said when they saw your budget, they said it was really a little less

than that. And these conversations have gone back and forth, and they said, really more like \$10 billion in new money. And then somebody told me it was really more like \$400 million for the first year. I want to ask you here, in the Rose Garden, will you reiterate that \$15-billion figure and make sure, personally, that it's really delivered to Africa?

The President. Yes, I will, Carl, absolutely, \$15 billion. Now, that's not new money. The person who said, it's \$15 billion on top of that which we're already—\$10 billion on top of that which we're already spending equals the \$15 billion. Secondly, there is some discussion about the first-year budget. In other words, we didn't send up a budget—\$15 billion over 5—we didn't send up \$3 billion. We sent up something less than \$3 billion, because we didn't think the program could ramp up fast enough to absorb that amount of money early.

So it's not—people then say, "Well, wait a minute. He doesn't believe what he said." Well, that's just simply not true. As a matter of fact, after my trip to Africa, I know we're doing the right thing, even more.

But the OMB came up with a plan that allows for a smaller amount in the beginning. I think it's about a little less than \$2.5 billion initially, and it ramps up more in the out-years as the program is capable of absorbing a lot of money.

You know, one of the things we looked for over there in Africa was whether or not countries could absorb money. In other words, whether—for example, was the distribution system for antiretrovirals in place? It doesn't make any sense to load up on antiretrovirals if the distribution system won't get them out. In other words, there's some things some countries have to do to prepare for the arrival of a lot of money, and we recognize that, Carl.

The commitment is there, absolutely. And a matter of fact, we're doing the right thing in Africa. The American people have got to understand that we're a blessed country, and when we find the kind of suffering that exists in Africa, we will help. And we are.

Liberia

Q. Liberia question?

The President. You want to ask a Liberian question? Please do.

Q. Thank you. Do you expect American troops to be landing in any large force in Liberia soon? And how far can the U.S. go in other international conflicts? When are we stretched too thin?

The President. Yes, very good question. First of all, the conditions that I laid out for the Liberian rescue mission still exist. Charles Taylor must go; the cease-fire must be in place; and we will be there to help ECOWAS. And so we're working to get those conditions in place. And we will continue working to get them in place until they are in place, at which point we will then take the necessary steps to get ECOWAS in place, so that we can deliver aid and help to suffering Liberians.

I also want to remind you, I also said the troop strength will be limited, and the time-frame will be limited. And we're working on that. The idea, of course, is to go in, stabilize the situation, get the NGOs moving back in to—to their positions to be able to help deliver aid, and then work immediately with the United Nations to provide blue helmets—maybe blue helmets, some of the ECOWAS forces in place, provide other blue helmets, and that the United Nations would then take up the peacekeeping mission as well as the political mission, in order to provide the framework for a transition to democracy. And hopefully, that will help stabilize the situation. I think it will.

Hutch [Ron Hucheson, Knight Ridder].

Iran

Q. I wanted to ask you about Iran, one of your other countries in the axis of evil. One of the things we learned from that "March to War" is that when you start warning countries, they better pay attention. Are we now in the early stages of a "March to War" in Iran? Or are they more like in the category of North Korea?

The President. No, I—look, Hutch, I remember right after Iraq the first thing that happened out of—out of some writers' pens was that, "Oh, no, they're getting ready to attack either Syria or Iran." You know, the "March to War" is a campaign that's just going to march everywhere.

I—all options remain on the table. I believe that the best way to deal with the Iranians at this point in time is to convince others to join us in a clear declaration that the development of a nuclear weapon is not in their interests. I believe a free Iraq will affect the lives of Iranians. I want to thank the diaspora here in the United States, particularly in L.A.—which reminds me, my last question is going to Ed [Ed Chen, Los Angeles Times]. And—so you can prepare for it, Ed. We've got a lot of our fellow citizens who are in e-mail contact, phone contact with people who live throughout Iran. And I want to thank them for that.

Interestingly enough, there's a TV station that I think has been—people have read about that is broadcast out of L.A. by one of our citizens. He's—he or she has footed the bill. It's widely watched. The people of Iran are interested in freedom, and we stand by their side. We stand on the side of those who are desperate for freedom in Iran. We understand their frustrations in living in a society that is totalitarian in nature. And now is the time for the world to come together, Ron, to send a clear message.

And so I spent time with Prime Minister Berlusconi on the ranch, and I talked to him about the need for the EU to send a very clear message, along with the United States. As you know—some of you have been on the trips with me to Russia, and you remember me talking with my friend Vladimir Putin about the need to be mindful of the Iranians' desire to have a nuclear weapon. We're making progress there. I really believe that we can solve this issue peacefully, but this is an issue that's going to require a concerted effort by nations around the world to work with the United States, particularly in Europe, to speak clearly to the Iranian administration.

The other thing that's interesting about Iran is that they do have Al Qaida. They've admitted they got Al Qaida. Now, that's positive, that the Al Qaida is not talking to anybody. I mean, I would rather them be held somewhere other than out moving around, plotting and planning. And I would just hope the Iranians would listen to the request of countries in their neighborhood to turn them over. In other words, some of the countries of origin for these Al Qaida operatives have

asked for those Al Qaida detainees to be sent back to the country of origin. It would be very helpful for the Iranians to make that decision.

Ed, last question.

Q. Mr. President——

The President. Hold on for a minute, please. Ed.

California Recall Campaign

Q. Good morning, Mr. President. Since California is on your mind, I'd like to ask you about the recall campaign. Since you're not only the leader of this country, but as someone who came into office under extraordinarily partisan circumstances, do you view this recall, which was funded almost entirely by one wealthy Republican who would like to be Governor, as a legitimate, democratic exercise? And do you have a candidate in this fight, since one of the potential successors is somebody you've backed before?

The President. Ed, let me tell you how I view it. I've got a lot of things on my mind, and I view it like a interested political observer would view it. You know, it's kind of a—we're not used to recalls in Texas, for example, thankfully. I think that—I think the most important opinion is not mine, but it's the people of California. Their opinion is what matters on a recall. It's their decision to decide whether or not there will be a recall, which they decided. Now they get to decide who the Governor is going to be. And that's really my only comment I've got.

Listen, thank you all very much for giving me a chance to come and answer some of your questions. For those of you who are traveling to Crawford, gosh, did you luck out. And we look forward to seeing you there. [Laughter] Thank you.

NOTE: The President's news conference began at 10:33 a.m. in the Rose Garden at the White House. In his remarks, he referred to former President Saddam Hussein of Iraq; Uday and Qusay Hussein, sons of former President Hussein, who were killed July 22 by U.S. military forces in Mosul, Iraq; Khalid Sheik Mohammed, senior Al Qaida leader responsible for planning the September 11, 2001, terrorist attacks, who was captured in Pakistan on March 1; Abu Zubaydah, a leader of the Al Qaida terrorist organization who was captured March 28; Ramzi bin al-Shibh, an Al Qaida operative suspected of helping to plan

the September 11, 2001, terrorist attacks, who was captured in Karachi, Pakistan; Abu Bakr Al Azdi, senior Al Qaida associate responsible for the May 12 bombing in Riyadh, Saudi Arabia; Foreign Minister Saud al-Faysal al Saud of Saudi Arabia; former United Nations weapons inspector David Kaye; President Hu Jintao of China; Chairman Kim Chong-il of North Korea; Prime Minister Mahmoud Abbas (Abu Mazen), Minister of State for Security Affairs Mohammed Dahlan, and Finance Minister Salam Fayyad of the Palestinian Authority; Prime Minister Ariel Sharon of Israel; President Charles Taylor of Liberia; Prime Minister Silvio Berlusconi of Italy; and President Vladimir Putin of Russia.

Remarks on the 38th Anniversary of Medicare

July 30, 2003

Thank you all for coming. Welcome to the people's house. We're thrilled you're here. Tommy is right; 38 years ago, Lyndon Johnson signed the Medicare Act. What I found interesting was that he had the ceremony in Independence, Missouri, so that former President Harry Truman could be there, because Truman had set out the vision of Medicare many years before that. A few minutes after 3 o'clock, Medicare became law, and President Johnson handed the first Medicare card to Harry Truman.

Health insurance for elderly and disabled Americans was one of the greatest, most compassionate legislative achievements of the 20th century. It spared millions of seniors from needless worry and hardship. Since 1965, every President and every Congress has had the responsibility to uphold the promise of Medicare, and we will uphold our promise. We will do our duty.

The 38th anniversary of Medicare is a time for action. The purpose of the Medicare system is to deliver modern medicine to America's seniors. That's the purpose. And in the 21st century, delivering modern medicine requires coverage for prescription drugs.

Both Houses of Congress have passed Medicare improvements that include prescription coverage. Now the House and Senate must iron out the remaining differences and send me a bill. For the sake of our seniors, for the sake of future retirees, we must

strengthen and modernize Medicare this year.

I appreciate Tommy Thompson taking the lead on this issue for this administration. He—I knew him when he was a Governor. I figured he'd make a pretty good Cabinet Secretary—*[laughter]*—and he proved me right. He's doing a fabulous job. He is the point man on the Hill on this complex, important legislation.

And we've got two of the Members from the Senate who have worked really hard to see to it that the legislation came to fruition and passed the Senate and are working hard to get a good bill out of the conference, and that's—starting with the majority leader of the United States Senate, Bill Frist from Tennessee; the ranking member on the Finance Committee from the State of Montana, that would be Max Baucus, Senator Baucus. For those of you who don't follow politics—*[laughter]*—Frist is a Republican—*[laughter]*—Baucus is a Democrat—*[laughter]*—both of them willing to put aside party to focus on what's doing right for the seniors. And I appreciate their leadership of both these Senators. Thank you all for coming. You set a good example for the body you represent.

I appreciate Tom Scully, who is with us. He is the Administrator for the Centers for Medicare and Medicaid Services. That is a long title for a very tough job. And I appreciate Scully's knowledge on this issue. He too, along with Secretary Thompson, is working the Hill, along with members of my staff, working hard with Senators and Congressmen from both parties to come up with a bill that will stand the test of time.

I want to thank top docs in my administration who are traveling the country to talk about the benefits of Medicare reform. Rich Carmona is the Surgeon General of the United States. Thank you for coming, Doc. Dr. Julie Gerberding directs the Center for Disease Control and Prevention. It's a tough and important job. Mark McClellan is the Commissioner of the FDA, the Food and Drug Administration. Elias Zerhouni is the Director of the National Institute of Health—all four great Americans, all four fine doctors, all four doing a really good job on behalf of the American citizens.